

# POLICY MEMO

## LOCAL GOVERNMENT REFORM NECESSARY TO LOWER PROPERTY TAXES MARCH 6, 2025

### The Buckeye Institute's Recommendation

To use property taxes and other local taxpayer resources more effectively, the General Assembly and local leaders should reform Ohio's byzantine, inefficient local government structure by taking the following steps:

- Require county commissioner approval before putting levies on ballots;
- Limit local property tax breaks for developers and special interests;
- Spend state resources on specific, critical needs;
- Share state revenues with local communities in dire need;
- Expand shared services and equipment among local governments;
- Incentivize local governments to share local resources or consolidate; and
- Require spending transparency to improve accountability.

### Why it Matters

Recent property reappraisals across the state have **increased** property taxes dramatically and state lawmakers have **struggled** to address the growing homeowner concerns. Inflation contributes to property tax hikes, but much of the recent rise stems from Ohio's complex local tax and government structures—a persistent legacy of the 19<sup>th</sup> century. With **more than 3,900** local government bodies and taxing authorities—**significantly more** than the national average—Ohio adds unnecessary layers of fragmented, redundant bureaucracy that duplicate administrative functions and impose higher operational costs, which then require higher property taxes. The solution begins with the General Assembly streamlining the state's local government structure to reduce costs and lower property taxes.

#### *Empower County Commissioners*

Most local levies **reach the ballot** without receiving approval from county commissioners. Unfortunately, direct ballot access suffers from the limited perspective, information, and interests of local taxing entities that do not and cannot see the bigger economic picture or the aggregated financial effects of new levies. County commissioners, however, enjoy a broader, countywide view and can better assess how new levies will impact residents. With the exception of school levies, county commissioners should be responsible for placing all local levies on the ballot.

#### *Limit Property Tax Breaks*

As The Buckeye Institute has **shown**, many local governments offer significant tax abatements to businesses willing to relocate or expand their operations. Regional economic development practices, including tax increment finance (TIF) arrangements and other special abatements and incentives, too often favor real estate developers and employers while shifting tax burdens to families and small businesses. Legislators should reform local government economic development practices by limiting the number of tax incentives local governments can create. And

the General Assembly and local officials should require tax abatement recipients to repay the cost of those abatements if the promised economic benefits do not materialize.

#### *Spend State Resources on Specific, Critical Needs*

State policymakers should be **more specific** when offering taxpayer dollars to local governments for infrastructure, emergencies, or crises. Rather than deposit state funds into the local governments' "general fund" accounts, the General Assembly should designate state money for local accounts specifically used to pay for specified needs.

#### *Share State Revenues with Local Communities in Dire Need*

State tax dollars should be **shared** with communities that genuinely need state funds to provide critical goods and services. Not all local governments enjoy the same revenue-generating tax bases, so policymakers must critically examine which local governments cannot rely on regional funding alone.

#### *Expand Shared Services*

The General Assembly should incentivize local governments to share services and pool resources by offering to pay performance-based funds after local governments reduce expenses and achieve savings while maintaining or enhancing service quality. Mason City and Mason City Schools, for example, **saved \$12 million** by sharing facilities, healthcare plans, and administrative operations. And multiple local entities in Summit County **achieved significant savings** by consolidating dispatch services.

#### *Consolidate Local Government Entities*

**Consolidating local government entities** would minimize administrative redundancies, streamline decision-making processes, and ensure better resource allocation. The successful **merger** of the Marion City and Marion County health districts, for example, saves those local governments \$150,000 annually by reducing duplicative administrative roles and leveraging economies of scale. The General Assembly can create incentive funds to smooth transition costs for these local decisions and pare back general funding that allows local governments to spend beyond their means.

#### *Enhance Accountability and Transparency*

Linking state funding to specific performance metrics and demonstrated efficiency improvements can improve responsible local governance. As part of that reform effort, the General Assembly should require all local governments to make their operations more transparent by joining and consistently using the **Ohio Checkbook**.